

Message Text

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ACTION ARA-20

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 AID-20 COME-00 EB-11 FRB-02 TRSE-00 XMB-07

OPIC-12 CIEP-02 LAB-06 SIL-01 OMB-01 DRC-01 /158 W

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P 112000Z MAR 74

FM AMEMBASSY ASUNCION

TO SECSTATE WASHDC PRIORITY 2089

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E.O. 11652: N/A

TAGS: EAID, PA

SUBJECT: CADASTRAL LOAN - ENGLISH LANGUAGE PROVISION

1. USAID NOW HAS COMPLETED LOAN AGREEMENT AND IS READY ENTER INTO NEGOTIATIONS WITH MINISTRY OF FINANCE. LOAN AGREEMENT AS DRAFTED BY GC REPRESENTATIVE VERET CONTAINS FOLLOWING CLAUSE:

"IN EVENT THAT PARTIES HERETO SHALL ALSO EXECUTE THIS AGREEMENT IN SPANISH LANGUAGE, IN CASE OF AMBIGUITY OR CONFLICT...ENGLISH LANGUAGE CONTROLS."

2. COUNTRY TEAM FEELS STRONGLY THAT THIS CLAUSE SHOULD BE ELIMINATED BECAUSE OF ADVERSE REPERCUSSIONS WHICH WILL UNDOUBTEDLY RESULT. APPROVAL OF IDM LOAN CONTAINING SIMILAR CLAUSE WAS HELD UP FOR SEVERL WEEKS IN PARAGUAYAN SENATE IN AUGUST, 1973 DUE IN LARGE MEASURE TO FURORE RAISED BY OPPOSITION TO THIS PROVISION. SENATOR RAFAEL ELADIO VELASQUEZ, MEMBER OF OPPOSITION RADICAL LIBERAL PARTY, GAINED WIDESPREAD PUBLICITY FOR HIS CLAIMS THAT THIS WAS "DEMEANING AND INJURIOUS TO PARAGUAYAN SOVEREIGNTY." WHILE IDM LOAN AGREEMENT ULTIMATELY APPROVED BY GOVERNMENT-CONTROLLED SENATE EXTREMELY

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UNPLEASANT SITUATION WAS CREATED. IT WAS ABETTED BY

INDEPENDENT PRESS WHICH IS ALWAYS EAGER TO EXPLOIT OPPORTUNITIES TO CRITICIZE STROESSNER REGIME (EVEN BY INDIRECTION AS WAS CASE IN THIS INSTANCE).

3. SHOULD CADASTRAL LOAN BE SUBMITTED TO PARAGUAYAN SENATE WITH ENGLISH LANGUAGE CLAUSE IN STSYDARD FORM, COUNTRY TEAM HAS NO DOUBT THAT SENATOR VELASQUEZ WILL AGAIN TAKE ADVANTAGE OF OPPORTUNITY TO CRITICIZE ADMINISTRATION AND US FOR ATTEMPT TO "INJURE PARAGUAYAN SOVEREIGNTY". HIS COMPLAINT WOULD RECEIVE HEAVY PLAY IN THE PRESS AND A VALUABLE AND OTHERWISE UNCONTROVERSIAL USAID LOAN WOULD BE UNNECESSARILY TARNISHED IN PUBTYC VIEW. COUNTRY TEAM FEELS IT ESSENTIAL, THEREFORE, THAT AGREEMENT BE MODIFIED AND/OR THAT LANGUAGE CLAUSE BE ELIMINATED BEFORE SUBMISSION TO GOP.

4. WE ARE AWARE THAT THIS CLAUSE HAS BEEN ELIMINATED IN SEVERAL OTHER COUNTRIES BECAUSE OF OPPOSITION FROM CONGRESS AND/OR EXECUTIVE BRANCHES OF GOVERNMENTS CONCERNED. COPIES OF RECENT LOANS AVAILABLE FROM ECUADOR INDICATE THIS CLAUSE IS ABSENT. USAID DIRECTOR IS AWARE THAT CLAUSE HAS BEEN ELIMINATED IN GUATEMALAN LOANS AND IN SEVERAL OTHER LOANS IN CENTRAL AMERICA.

5. LOAN ITSELF IS NONCONTROVERSIAL; ITS PROVISIONS FOR IMPLEMENTATION ARE SPELLED OUT IN GREAT DETAIL AND LIKELIHOOD THAT DISPUTE IN WHICH SUIT OR COUNTER-CLAIM WOULD ARISE IS REMOTE. MOREOVER, WE WOULD PROPOSE RETENTION OF ANOTHER STANDARD-TYPE CLAUSE WHICH STATES THAT "ALL COMMUNICATIONS REGARDING THIS LOAN WOULD BE IN THE ENGLISH LANGUAGE." THIS CLAUSE APPEARS TO US TO HAVE THE SAME EFFECT AS THE ONE REFERRED TO ABOVE WITHOUT ITS OFFENSIVE NATURE SINCE IF ALL COMMUNICATIONS ARE TO BE IN ENGLISH, THEN OBVIOUSLY ENGLISH LANGUAGE IS CONTROLLING WITHOUT RAISING "SOVEREIGNTY ISSUE."

6. ACCORDINGLY COUNTRY TEAM STRONGLY URGES THAT USAID BE PERMITTED ELIMINATE STATEMENT THAT ENGLISH LANGUAGE CONTROLS SO THAT UNNECESSARY INTERNAL POLITICAL REPERCUSSIONS MAY BE AVOIDED.

7. REQUEST RESPONSE ASAP.

LANDAU

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